

PUBLIC DISCLOSURE

SEPTEMBER 12, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

WRENTHAM CO-OPERATIVE BANK

102 SOUTH STREET
WRENTHAM, MA 02093

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
--

GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **WRENTHAM CO-OPERATIVE BANK (or the "Bank")** prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

Based on the five criteria specified for institutions with assets under \$250 million, Wrentham Co-operative Bank's overall CRA performance is considered Satisfactory. The Bank's loan-to-deposit ratio stood at 58.0 percent as of June 30, 2005, and averaged 55.1 percent over the last 8 quarters. These figures reflect adequate performance levels that meet the standards for satisfactory performance based on the Bank's size, customer credit needs, and the competitive market in which it operates.

Mortgage loan data for calendar years 2003, 2004 and year-to-date August 31, 2005 indicates that, at 61.8 percent, the majority of residential mortgages are originated inside the Bank's assessment area. The Bank meets the standards for satisfactory performance in this category.

Low- and moderate-income families represent 29.5 percent of total families within the assessment area. The Bank's performance in lending to borrowers of different income levels is considered to be reasonable when compared to the distribution of family households, especially moderate-income households.

The Bank's assessment area contains no low- and moderate-income census tracts. Nonetheless the geographic distribution of lending within the assessment area's middle and upper-income census tracts is considered satisfactory.

PERFORMANCE CONTEXT

Description of Institution

Wrentham Co-operative Bank was founded in 1901. The Bank is a mutually owned, state chartered institution headquartered in Wrentham. The Bank has drive-up teller window service, an Automated Teller Machine ("ATM"), and offers web banking for customer convenience. The Bank's ATM is connected to the Money Access Service network with additional access to NYCE and Cirrus. In addition, the Bank is a participant in the SUM alliance of surcharge-free ATMs. This service allows the Bank's customers surcharge-free use of ATMs operated by other SUM member institutions. The Bank also offers banking by telephone and online banking.

Banking hours are considered convenient and accessible to the Bank's customers. In January 2003, the Bank opened a full-service branch office at 1005 South Street in Wrentham. Additionally, the Bank operates a limited-service school branch within the King Philip Regional High School in Wrentham, which is available for use by faculty, staff and students only.

As of June 30, 2005, the Bank's assets totaled \$94.5 million of which \$49.1 million or 52 percent represented total loans. The Bank is primarily a real estate lender with 90.2 percent of its loan portfolio consisting of residential real estate loans. Loans on nonfarm nonresidential properties comprise 6.3 percent of the portfolio. The remaining loans total less than 5 percent of the portfolio. Additional information regarding the composition of the Bank's loan portfolio is summarized below.

Loan Distribution as of June 30, 2005		
Loan Type	Dollar Amount \$(000)	Percent (%)
Secured by:		
Construction and Land Development	611	1.2
1-4 Family Residential Properties	44,026	89.7
Multi Family (5 or more) Residential Properties	257	0.5
Nonfarm Nonresidential Properties	3,099	6.3
Commercial and Industrial Loans	511	1.0
Consumer Loans	629	1.3
Less: Unearned Income	-32	0.0
Total	49,101	100.0

Source: Report of Condition

The Bank is a portfolio lender and loans are underwritten according to the secondary mortgage market standards. No loans have been originated and sold to secondary market investors.

Other than the relatively small asset size and limited staff, there appears to be no significant financial or legal impediments which would limit the Bank's ability to help meet the various credit needs of its assessment area.

The Bank operates in a competitive market. Competitors for loans include but are not limited to large nationwide lenders such as Countrywide Home Loans, Washington Mutual Bank, FA, and Wells Fargo Home Mortgage. Local depository competitors include

PERFORMANCE CONTEXT (CONTINUED)

a BankNorth branch in Wrentham and Foxboro Federal Savings and Loan and Sovereign Bank branches in Plainville.

The Bank was last examined for compliance with the CRA by the FDIC on August 18, 2003 and resulted in a Satisfactory rating. The previous Division examination was on June 26, 2000 where the Bank also obtained a Satisfactory rating.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its lending efforts are focused. The Division evaluates the institution's CRA performance based upon the defined assessment area.

Wrentham Co-operative Bank has defined its assessment area to include the Towns of Wrentham and Plainville. Both towns are located in the Boston-Quincy Metropolitan Division¹. The assessment area contains 3 census tracts: 2 upper-income tracts in Wrentham, and 1 middle-income tract in Plainville.

The assessment area is relatively rural in character due to the large tracts of conservation land, open space and recreational areas operated by municipal and private entities². Based on median sales price data compiled by the Warren Group, housing values are high and rising with increases of \$57,500 and \$36,375 for a single family home in Wrentham and Plainville, respectively, between 2003 and 2004. As of year-end 2004 the median sales price of a single family home was \$420,000 in Wrentham and \$352,250 in Plainville.

The assessment area is situated mid-way between Boston and Providence, Rhode Island with accessibility to Interstate Highway 95, Route 1 and Route 140. The area's commercial growth is centered in small local business districts in the town centers and, more significantly, the popular Wrentham Premium Outlet Mall near Route 495 that has experienced significant expansion since opening in the late 1990s. The assessment area's location, between two major commerce centers, combined with desirable residential communities that offer many recreational activities have made this area a popular suburban community.

The defined assessment area appears to meet all technical requirements of the regulation and does not arbitrarily exclude low and moderate-income areas. In addition,

¹ In 2000, the Office of Management and Budget (OMB) published new standards for defining Metropolitan Areas. Metropolitan Statistical Areas are now defined in terms of whole counties. If the specified criteria are met, a Metropolitan Statistical Area containing a single core with a population of 2.5 million may be subdivided to form smaller groupings of counties. Effective for 2004, The Boston Metropolitan Statistical Area (MSA) was subdivided to form smaller groupings of counties referred to as Metropolitan Divisions (MD). Wrentham Co-operative Bank's assessment area is now part of the Boston-Quincy MD. The adjusted median family income for the Boston-Quincy MD for 2004 and 2005 was \$75,300 and \$76,400, respectively.

² Based on Massachusetts Department of Housing and Community Development Community Profiles for the Towns of Wrentham and Plainville.

PERFORMANCE CONTEXT (CONTINUED)

the area does not extend beyond the boundaries of the Commonwealth of Massachusetts.

Census demographic information for 2000 obtained from CRA WIZ indicates that the Bank's assessment area contains a total population of 18,237 individuals. There are 6,618 housing units within the assessment area of which 76.5 percent are owner-occupied, 20.4 percent are rental occupied and 3.1 percent are vacant housing units. Consistent with the area's income characteristics, households living below poverty level represent only 3.98 percent of total households compared to 10 percent for the Commonwealth.

The following table provides demographic and economic information pertaining to the Bank's assessment area.

<i>Selected Housing Characteristics by Income Category of the Geography</i>							
<i>Geographic Income Category</i>	<i>Percentage</i>						<i>Median Home Value</i>
	<i>Census Tracts</i>	<i>House- holds</i>	<i>Housing Units</i>	<i>Owner- Occupied</i>	<i>Rental Units</i>	<i>Vacant Units</i>	
Middle	33.3	46.9	47.0	43.1	61.2	49.3	173,600
Upper	66.7	53.1	53.0	56.9	38.8	50.7	236,318
Total of Median	100.0	100.0	100.0	100.0	100.0	100.0	211,913

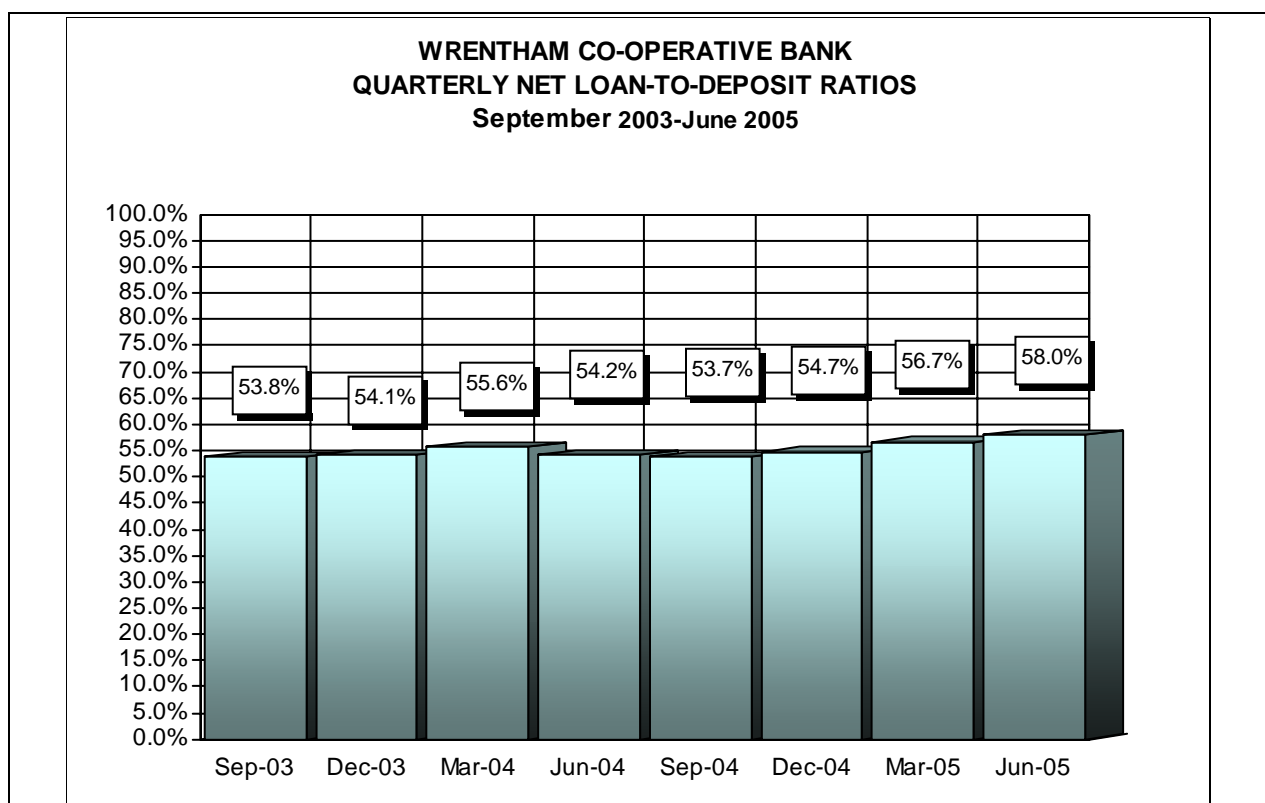
Source: 2000 U.S. Census

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

Based upon the Bank's asset size, its capacity to lend, and the credit needs of its customers, the institution's net loan-to-deposit ratio meets the standards for satisfactory performance.

An analysis of Wrentham Co-operative Bank's net loan-to-deposit ("LTD") ratio was performed. The analysis utilized the last eight quarters of the Federal Financial Institutions Examination Council ("FFIEC") Call Report data for this institution. The Bank's net loans to total deposits as reported to the FFIEC were reviewed for the quarters ending September 30, 2003, through June 30, 2005. The following chart reflects that for the period reviewed, the Bank's net LTD ratio increased from a low of 53.7 percent to the current high of 58 percent. The average LTD ratio for this period was 55.1 percent.



The Bank's net loan-to-deposit ratio for second quarter 2005 is shown below and is compared to three similarly-situated institutions within Norfolk County. The Bank's efforts in stimulating loan growth by bringing rates more in line with the competition is limited due to its size, resources, product offerings, and competition for loans by larger institutions. Therefore, the comparison to the three institutions, as shown in the following table, puts the Bank's net loans-to-deposit ratio at a reasonable level.

PERFORMANCE CRITERIA (CONTINUED)

The following table provides the ratios for these institutions including the ratios for the Bank.

<i>Loans-to-Deposit Ratios as of June 30, 2005</i>			
Bank	Net Loans (\$000)	Deposits (\$000)	% LTD
Medway Cooperative Bank	80,980	99,880	81.1
Stoughton Cooperative Bank	53,295	67,697	78.7
Wrentham Co-operative Bank	48,681	83,995	58.0
Avon Co-operative Bank	26,186	52,301	50.1

Based on the foregoing information, the Bank's asset size and resources, and the credit needs of its customers, the Bank's net loan-to-deposit ratio is at a level that adequately meets standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Based upon the analysis of Home Mortgage Disclosure Act ("HMDA") data, the Bank's level of lending within the assessment area meets the standards for satisfactory performance.

Data regarding the Bank's residential lending activity for 2003, 2004 and year-to-date 2005 was reviewed. This data was used to provide a contrast of the Bank's level of lending by number and dollar amount inside the assessment area in comparison to outside the assessment area. These loans consisted of first and second mortgages and home improvement loans on one to four family properties. Refinanced mortgages represented 73.6 percent of total loans on residential properties.

The data revealed that the Bank originated 178 HMDA-reportable loans during this period. Of this number, 110 loans or 61.8 percent were originated within the Bank's assessment area. The dollar volume was lower at 52.9 percent, or \$17.5 million, of the total dollar volume of \$33 million. Refer to the following table for a breakdown of loan activity by year.

Distribution of HMDA Loans Inside and Outside the Assessment Area										
Year	Number of Loans					Dollars				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2003	77	68.8	35	31.2	112	11,605	63.5	6,674	36.5	18,279
2004	21	56.8	16	43.2	37	3,081	44.8	3,790	55.2	6,871
2005*	12	41.4	17	58.6	29	2,790	35.4	5,101	64.6	7,891
Total	110	61.8	68	38.2	178	17,476	52.9	15,565	47.1	33,041

Source: HMDA LAR *Year-to-Date August 31, 2005

The data presented above for HMDA-reportable loans indicate that the Bank extends the majority of its loans, by number and dollar volume, within the assessment area. The overall rate of lending within the assessment area is at a satisfactory level.

PERFORMANCE CRITERIA (CONTINUED)

3. LENDING TO BORROWERS OF DIFFERENT INCOMES

The distribution of residential loans to borrowers of different incomes reflects good penetration among all income levels. Based upon this analysis, the Bank's efforts exceed the standards for satisfactory performance.

The analysis of borrower income level was identified as the ratio of borrower income to the median family income³ for the assessment area towns located within the MSA/MA. The median family income is based upon estimated 2003 and 2004 Department of Housing and Urban Development ("HUD") information for the Boston MSA for 2003 and the Boston-Quincy MA for 2004 and 2005. The 2003 median family income for the Boston MSA was \$80,800. The 2004 and 2005 median family incomes for the Boston-Quincy MD were \$75,300 and \$76,400, respectively.

The following table indicates loans originated and categorized by the applicants' reported income in relation to the median family income for the MSA/MA in which the property is located. Loans to borrowers of low- and moderate-income represented 9.0 percent and 17.3 percent of loans originated, respectively. Loans extended to borrowers with incomes within the middle and upper-income level for the MSA/MD median family income was 28.9 percent and 45.5 percent, respectively. The following table provides a breakdown of residential loans originated by number categorized by the applicants' income level.

Distribution of HMDA Loans by Borrower Income											
Median Family Income Level	% Families¹	Aggregate Lending Data (% of #) 2003		2003		2004		2005*		Total	
		#	%	#	%	#	%	#	%	#	%
Low	12.4	169	5.3	7	9.1	3	14.2	0	0.0	10	9.0
Moderate	12.6	564	17.7	14	18.2	4	19.1	1	8.3	19	17.3
Middle	23.3	911	28.6	24	31.2	4	19.1	3	25.0	31	28.2
Upper	51.7	1,132	35.5	32	41.5	10	47.6	8	66.7	50	45.5
NA	0.0	409	12.9	0	0.0	0	0.0	0	0.0	0	0.0
Total	100.00	3,185	100.0	77	100.0	21	100.0	12	100.0	110	100.0

Source: 12000 U.S. Census, CRA WIZ HMDA Aggregate Data, 2003-2005 HMDA LARs *Year-to-date August 31, 2005

The Bank's loan data within the various income levels for calendar year 2003 was compared to that of all other lenders within the assessment area for the same year. The results of the analysis indicated that the Bank's lending among low and moderate-income borrowers was at a level proportionately higher than the other HMDA reporters. The Bank's lending performance among low and moderate-income borrowers was at a level that exceeded the percentage of low and moderate-income households.

³ As defined by the U.S. Department of Housing and Urban Development (HUD) Low-income is defined as income level or area that earns less than 50 percent of the MSA's median family income. Moderate-income is defined as an income level that is 50 percent to less than 80 percent of the MSA's median family income. Middle-income is defined as an income level that is 80 percent to less than 120 percent of the MSA median family income, while upper-income is defined as an income level that is equal to or greater than 120 percent of the MSA's median family income.

PERFORMANCE CRITERIA (CONTINUED)

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The analysis of the geographic distribution of residential loan data indicates that Wrentham Co-operative Bank's efforts meet the standards for satisfactory performance.

The Bank's lending activity within the assessment area was reviewed in order to determine the distribution of lending among census tracts of various income levels. As mentioned in the performance context, the Bank's assessment area contains one middle-income census tract and two upper-income census tracts. There are no low- and moderate-income census tracts within the Bank's assessment area.

The analysis of the Bank's loan originations indicates that 11 loans or 10 percent were located in the middle-income census tract while 99 loans or 90 percent were located in upper-income census tracts.

Based on this analysis, the geographic distribution reflects a reasonable penetration in the various census tracts within the assessment area. Therefore, performance under this criterion is deemed Satisfactory.

5. REVIEW OF COMPLAINTS/ FAIR LENDING POLICIES AND PRACTICES

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, the institution meets the standards for satisfactory performance.

The Bank's Fair Lending Policy was reviewed to determine how this information relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy. The Bank's Fair Lending Policy addresses specific areas relating to internal and external employee training. The Bank has a written fair lending policy with guidelines established for staff training via outside seminars sponsored by regulatory agencies. All staff having direct contact with applicants are encouraged to attend these seminars.

Primarily, the Bank markets its services and products to the community through print media, direct mail, statement stuffers and lobby material.

The Bank's second review process allows consumer loans denied by the loan officer to be reviewed by the Board's Security Committee. Approved loans that have their original terms changed by the loan officer are also subject to the second review process.

PERFORMANCE CRITERIA (CONTINUED)

A thorough review of the public comment file revealed that the Bank received no complaints pertaining to the institution's CRA performance since the previous examination. Sample reviews of the Bank's approved and non-originated residential loan application files were conducted to check for fair lending issues. No discriminatory practices were noted.

MINORITY APPLICATION FLOW

The Bank's minority application flow for this period was compared with the racial make-up of the assessment area and the 2003 aggregate data for all other HMDA reporters within the assessment area. The comparison of application data assists in deriving reasonable expectations for the rate of applications the Bank received from minority credit applicants. There were no residential loan applications submitted by any segment of the minority population during the current evaluation period. Based on the 2000 census, the ethnic and racial minority population within the assessment area stands at 3.3 percent. By contrast, aggregate data for 2003 reflects a minority application flow of 3.4 percent. The Bank's minority application flow is not representative of the assessment area's demographic composition nor does it compare to the application flow of the aggregate.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (102 South Street, Wrentham, MA 02093)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.